

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HOUSE BILL 2054

AN ACT

AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-750; RELATING TO RETIREMENT SYSTEM TRANSFERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 38, chapter 5, article 2, Arizona Revised Statutes,
3 is amended by adding section 38-750, to read:

4 38-750. Transfers out of the system

5 A. IF AN EMPLOYEE HAS MADE AN IRREVOCABLE ELECTION PURSUANT TO SECTION
6 38-747, SUBSECTION B OR D AND TRANSFERS PARTICIPATION TO ANOTHER DEFINED
7 BENEFIT RETIREMENT SYSTEM OR PLAN OF THIS STATE WITHOUT A TERMINATION OF
8 EMPLOYMENT, WITHIN NINETY DAYS AFTER THE DATE OF THE TRANSFER, ASRS SHALL
9 TRANSFER TO THE SUBSEQUENT DEFINED BENEFIT RETIREMENT SYSTEM OR PLAN THE
10 AMOUNT THE EMPLOYEE PAID FOR THE PURCHASE OF THE CREDITED SERVICE PLUS
11 INTEREST AS DETERMINED BY ASRS.

12 B. IF THE ASSETS TRANSFERRED FROM ASRS ARE LESS THAN THE COST OF THE
13 BENEFITS ACCRUED RELATIVE TO THE CREDITED SERVICE AS CALCULATED PURSUANT TO
14 SECTION 38-922, SUBSECTION B, PARAGRAPH 2, AND UNLESS A LAW OTHERWISE
15 PROVIDES, THE EMPLOYEE SHALL ELECT EITHER TO PAY THE DIFFERENCE TO THE
16 SUBSEQUENT DEFINED BENEFIT RETIREMENT SYSTEM OR PLAN OR ACCEPT A REDUCED
17 AMOUNT OF SERVICE CREDITS. IF THE EMPLOYEE ELECTS TO PAY THE DIFFERENCE, THE
18 AMOUNT PAID SHALL BE ADDED TO THE EMPLOYEE'S ACCUMULATED CONTRIBUTION ACCOUNT
19 BALANCE. IF THE EMPLOYEE ELECTS TO ACCEPT A REDUCED AMOUNT OF SERVICE
20 CREDITS, THE AMOUNT OF SERVICE CREDITS GRANTED SHALL BE EQUAL TO THE AMOUNT
21 OF SERVICE CREDITS PURCHASED MULTIPLIED BY THE RATIO OF THE AMOUNT OF ASSETS
22 TRANSFERRED TO THE AMOUNT CALCULATED PURSUANT TO SECTION 38-922, SUBSECTION
23 B, PARAGRAPH 2.

24 C. THE TRANSFERRED EMPLOYEE AND THE EMPLOYER SHALL COMPLETE THE TERMS
25 OF THE IRREVOCABLE ELECTION BY MAKING PAYMENTS TO ASRS.

26 D. IF THE EMPLOYEE IS GIVEN AN ELECTION TO TRANSFER TO ANOTHER DEFINED
27 BENEFIT RETIREMENT SYSTEM OR PLAN OF THIS STATE OR TO REMAIN WITH THE
28 EMPLOYEE'S CURRENT RETIREMENT SYSTEM, ON TERMINATION OF EMPLOYMENT THE
29 EMPLOYEE SHALL ELECT TO HAVE ASRS:

30 1. PROMPTLY TRANSFER TO THE SUBSEQUENT DEFINED BENEFIT RETIREMENT
31 SYSTEM OR PLAN THE AMOUNT PAID BY THE EMPLOYEE FOR THE PURCHASE OF CREDITED
32 SERVICE PLUS INTEREST AS DETERMINED BY ASRS. IF AN UNFUNDED LIABILITY IS
33 CREATED, SUBSECTION B OF THIS SECTION APPLIES. IF THE EMPLOYEE FAILS TO
34 ELECT TO HAVE THE ASSETS TRANSFERRED WITHIN THIRTY DAYS AFTER TERMINATION OF
35 EMPLOYMENT, THE EMPLOYEE IS DEEMED TO HAVE MADE AN ELECTION AS PRESCRIBED IN
36 PARAGRAPH 2.

37 2. ON WRITTEN REQUEST BY THE EMPLOYEE, PROMPTLY RETURN TO THE EMPLOYEE
38 THE AMOUNT PAID BY THE EMPLOYEE FOR THE PURCHASE OF CREDITED SERVICE PLUS
39 INTEREST AS DETERMINED BY ASRS. IF NO APPLICATION IS RECEIVED BY ASRS WITHIN
40 SIXTY DAYS AFTER TERMINATION OF EMPLOYMENT, ASRS SHALL ISSUE THE PAYMENT
41 DIRECTLY TO THE EMPLOYEE.

42 E. IF THE EMPLOYEE IS NOT GIVEN AN ELECTION TO TRANSFER TO ANOTHER
43 DEFINED BENEFIT RETIREMENT SYSTEM OR PLAN OF THIS STATE OR TO REMAIN WITH THE
44 EMPLOYEE'S CURRENT RETIREMENT SYSTEM, AFTER TERMINATION OF EMPLOYMENT THE

1 EMPLOYEE MAY ELECT, WITHIN THIRTY DAYS OF TERMINATION OF EMPLOYMENT TO HAVE
2 ASRS PROMPTLY TRANSFER TO THE SUBSEQUENT DEFINED BENEFIT RETIREMENT SYSTEM OR
3 PLAN THE AMOUNT PAID BY THE EMPLOYEE FOR THE PURCHASE OF CREDITED SERVICE
4 PLUS INTEREST AS DETERMINED BY ASRS. IF AN UNFUNDED LIABILITY IS CREATED,
5 SUBSECTION B OF THIS SECTION APPLIES. IF THE EMPLOYEE FAILS TO MAKE THE
6 ELECTION UNDER THIS SUBSECTION, ASRS SHALL DEEM THE EMPLOYEE AS AN INACTIVE
7 MEMBER OF ASRS.

8 F. IF AN EMPLOYEE IS GIVEN AN ELECTION TO TRANSFER TO ANOTHER DEFINED
9 BENEFIT RETIREMENT SYSTEM OR PLAN OF THIS STATE OR TO REMAIN WITH THE
10 EMPLOYEE'S CURRENT RETIREMENT SYSTEM AND THE EMPLOYEE IS RECEIVING A BENEFIT
11 PURSUANT TO THIS ARTICLE BASED ON THE EMPLOYEE'S OWN SERVICE OR ARTICLE 2.1
12 OF THIS CHAPTER, THE EMPLOYEE IS ELIGIBLE TO TRANSFER TO THE RETIREMENT
13 SYSTEM OR PLAN, BUT THE ELECTION TO TRANSFER TERMINATES THE BENEFIT FROM ASRS
14 ON THE EFFECTIVE DATE OF THE TRANSFER.

15 G. IF AN EMPLOYEE IS NOT GIVEN AN ELECTION TO TRANSFER TO ANOTHER
16 DEFINED BENEFIT RETIREMENT SYSTEM OR PLAN OF THIS STATE OR TO REMAIN WITH THE
17 EMPLOYEE'S CURRENT RETIREMENT SYSTEM AND THE EMPLOYEE IS RECEIVING A BENEFIT
18 PURSUANT TO THIS ARTICLE BASED ON THE EMPLOYEE'S OWN SERVICE OR ARTICLE 2.1
19 OF THIS CHAPTER, THE EMPLOYEE IS NOT ELIGIBLE TO TRANSFER TO ANOTHER
20 RETIREMENT SYSTEM OR PLAN.

21 Sec. 2. Emergency

22 This act is an emergency measure that is necessary to preserve the
23 public peace, health or safety and is operative immediately as provided by
24 law.